



JOINT ECONOMIC COMMITTEE

ROBERT F. BENNETT, CHAIRMAN

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Chairman's Opening Statement

Senator Robert F. Bennett

Hearing of the Joint Economic Committee "The Employment Situation" September 5, 2003

Good morning and welcome to today's hearing on the employment situation.

While many in Washington took the month of August off, the economy managed to keep operating, even improving. Indeed, many measures suggest that the economy may have finally turned the corner. Economic growth in the second quarter exceeded three percent, and many forecasters anticipate further acceleration this quarter. Worker productivity and wages continue to grow.

These developments have sparked increased optimism about our economy and anticipation that economic growth will soon translate into resumed job growth.

Unfortunately, the Bureau of Labor Statistics – the BLS – reports today that payroll employment continued to decline in August, falling by 93,000 jobs. Manufacturing continued its declines, losing 44,000 jobs. However, the unemployment rate declined slightly from 6.2 percent to 6.1 percent in August.

It may not be widely known that these figures come from two different surveys. The BLS surveys households to determine the unemployment rate, while it surveys employers to determine payroll employment. These surveys have some significant differences. For example, the household survey picks up the self employed and small emerging businesses that may be overlooked by the establishment survey.

These surveys appear to tell very different stories about employment since the end of the recession in November 2001. As illustrated in the chart that I've brought, the household survey indicates that the number of employed people has increased by 1.4 million since the end of the recession. The payroll survey, in contrast, indicates that roughly 1.1 million jobs have been lost over that period.

The disparity between these two BLS surveys is worth further examination. While some of the disparity in data may reflect methodological differences between the two surveys, it may also be that the data illustrate a marked change in the makeup of the American workforce.

One of our goals at the JEC is to promote accurate and timely data so that policymakers, businesses, and citizens can make better economic decisions; for that reason, I am eager to explore this subject.

In that regard, I think it important to recognize Commissioner Utgoff and the dedicated staff at the BLS for several enhancements to its data. Since our last hearing, the BLS completed an overhaul of the payroll survey using more up-to-date definitions of the different sectors in our economy. With the ongoing shift to a service economy – today more than 82 percent of the American workforce is in the service sector – this change helps to bring the new economy into better focus.

Furthermore, I understand that the BLS will soon begin to release a new data series on “Job Creation and Destruction.” I expect that these new data will shed much needed light on what’s happening behind the aggregate employment numbers on which we usually focus. With new data, we can better understand the dynamics of job creation – in sectors new and old – that drive our economy.

Commissioner Utgoff, we welcome you again to the Committee and look forward to your insights.